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TAGS: [PREL](#) [PGOV](#) [ETRD](#) [KMPI](#) [KPAL](#) [SA](#) [WE](#) [GZ](#) [TC](#)

SUBJECT: PDAS CHENEY CONSULTS WITH SHEIKH HAMDAN ON KSA,

REFORM, AND PALESTINIAN ASSISTANCE

Classified By: AMBASSADOR MICHELE J. SISON, REASONS 1.4 (B) AND (D).

11. (S) Summary: NEA Principal Deputy Assistant Secretary Cheney consulted with Deputy Prime Minister/Minister of State for Foreign Affairs Sheikh Hamdan bin Zayed (HbZ) on June 26 on debt relief for Iraq, Saudi Arabia, political reform, assistance for the Palestinians, and free trade. With respect to Saudi Arabia, HbZ said there was considerable tension over their common border and depicted the Saudis as bullies. He told Cheney that the UAE leadership was committed to political reform, but would need time to increase public awareness about the coming changes. Cheney said the U.S. understood that each country would move at its own pace, but stressed the importance of moving. HbZ and Cheney exchanged views on ways to respond to Palestinian needs. HbZ noted the experiences gained by the UAE in constructing housing for Palestinians in Gaza. Cheney said she would suggest to Quartet Special Envoy for Gaza Disengagement Wolfensohn that he meet with UAE officials to learn from their experiences in providing humanitarian assistance in the West Bank and Gaza. End Summary.

12. (SBU) On June 26, HbZ met with NEA PDAS Cheney over lunch and reviewed regional issues and discussed progress on political reform in the UAE. HbZ, who had sat in on Cheney's meeting with President Khalifa earlier in the day, was accompanied by his office director, Sultan Al Romeithi; Labor Minister Al Kaabi; MFA Under Secretary Abdullah Rashid Al Noaimi; MFA Assistant Under Secretary for Political Affairs Tariq Al Haidan; UAE Ambassador to Washington, Al Asri Al Dhahri; American Affairs Desk Officer Rowda Al Otaiba; and his sons Mohammed and Zayed. PDAS Cheney was accompanied by the Ambassador; PAO and Pol Chief (notetaker).

IRAQI DEBT REDUCTION

13. (C) After lunch, HbZ and Cheney moved to another parlor with a smaller group to discuss Iraq debt reduction and UAE relations with Saudi Arabia. Cheney asked about the UAE's position on Iraq debt reduction and noted UAE silence at the International Conference on Iraq in Brussels. Despite the UAEG having committed to former Secretary Baker that it would write off nearly all of Iraq's debt and having given assurances that it would proceed on terms no less generous than those of the Paris Club, HbZ said that the GCC still needed to establish a common policy on Iraq debt. In the absence of a unified GCC position, he could not say whether they would forgive 50 percent or 90 percent. He underscored his point saying that it is unacceptable to us to take instruction from the U.S. or anyone else. Hamdan said it was "in the interest of Iraq" that the GCC help them with debt reduction. Cheney asked when he expected the GCC would adopt a common position. HbZ replied that the GCC foreign ministers are scheduled to meet in September, and the GCC heads of state in December. He suggested that it would be helpful for the USG to send a signal to GCC leaders before the September meeting. Cheney said the USG had been--and would continue to send this message. She stated that that it would be helpful to have a decision before the September GCC foreign ministers meeting.

UAE/SAUDI BORDER DISPUTE

14. (S) HbZ raised the highly sensitive UAE-Saudi border dispute, telling Cheney that the Saudis wanted to discuss joint sovereignty over their common maritime border. HbZ was emphatic that the UAE would not accept joint sovereignty "no matter what the consequences." He said that the Saudis had "enough problems" without stirring up trouble over the border issue. The Saudis had been obstructionists on a number of issues of importance to other GCC states, including the Qatar-UAE causeway, the Qatar-UAE gas pipeline, and the Qatar-Bahrain bridge, Hamdan complained. The Saudis were unhappy with the causeway project because they do not like the fact that it bypasses them. HbZ predicted that the Saudis' efforts to block commercial cooperation, economic development, and health issues would doom the GCC. The UAEG has tried since 1975 to share its concerns about the border but the Saudis have not listened, HbZ said. Hamdan said he would travel to Riyadh in July to meet again with Saudi Interior Minister Prince Nayef to follow up on Nayef's June 19 visit to Abu Dhabi, but he was not optimistic about those

talks. "It might be a half-day and then I return," he said. One of the critical issues is the border dispute, including that of the Zararah oilfield. HbZ underscored that he was raising the border issues with us to keep us abreast of the issue and not as a request for action yet.

15. (SBU) Comment: Under terms of the 1974 border treaty between Saudi Arabi and the UAE, the UAE gave up its claim to the Zararah oil field (in exchange, Saudi Arabia dropped its claims to the Buraimi oasis region, located near the eastern edge of UAE territory and recognized the UAE). The Zararah field (known in Saudi Arabia as the Shaybah oilfield) spans the UAE-Saudi border and contains 15 billion barrels of proven oil reserves and 25 trillion cubic feet of untapped gas reserves. Although 10 to 20 percent of the oil reserve lies within UAE territory, the 1974 agreement specified that oil finds along a common border would go to the country where the largest part of the field was located, thus giving Saudi Arabia economic rights to the entire reservoir. Earlier this year, tension emerged between the UAE and Saudi Arabia over a decision by the UAE and Qatar to build a causeway connecting the two countries over the Khor Al Odeid waters. Under the 1974 agreement, Abu Dhabi had surrendered this strip of land that linked it to Qatar. Abu Dhabi insists it gave up the onshore stretch but not the territorial waters.

16. (U) Comment continued: In Sheikh Zayed's waning months and since his November 2004 death, UAE officials have resurfaced long simmering criticism of the 1974 treaty signed by Sheikh Zayed under duress to obtain Saudi recognition. The UAE feels it negotiated the 1974 treaty from a position of weakness. The 1974 agreement was the price the UAE (established in 1971) had to pay to obtain Saudi recognition and a measure of security. The UAE proposed amending to the treaty to allow the UAE to develop Zararah up to 10 kilometers inside the Saudi border. We understand that the Saudis may be proposing to split cross-border hydrocarbons evenly. End Comment.

REFORM IN THE UAE -----

17. (C) During their lunch meeting, PDAS Cheney asked HbZ for his views about expanding democracy in the UAE. HbZ said that the UAE was "firmly committed" to move toward elections at the local, consultative level, as well as at the federal level. However, he emphasized that this would be part of a "common strategy to move together" as one country so as to avoid each of the seven emirates proceeding separately. HbZ said that Emiratis currently have an open majlis system that allows them to visit their sheikhs and leaders to discuss their concerns with them. The leadership is committed to create a more formal participatory form of government that would include elections, he said. "We are working on it," he assured Cheney. HbZ said that the matter was being studied but that it would take time before the government would introduce political reforms. He did not specify a timeframe.

18. (C) Commenting on democratization in other Gulf countries, HbZ gave a positive assessment of Oman, Bahrain, and Qatar, but expressed concern about Kuwait because of the strong influence of fundamentalists who "burden" the government and "impede" the development of Kuwaiti society. As for Saudi Arabia, HbZ said he was concerned that fundamentalists could control election outcomes, which could have disturbing consequences in the region.

19. (C) HbZ told Cheney that he had had a favorable reaction to the Secretary's recent travel to the Middle East. He applauded the Secretary's efforts to explain what the U.S. was doing to improve its image in the world. He said he appreciated the Secretary's speech in Cairo. HbZ said the people of the Middle East wanted to realize their aspirations and dreams, but their governments needed to proceed judiciously. There cannot be a one-size-fits-all approach to reform because each society is unique.

110. (C) HbZ said he believed that governments still had a long way to go to increase awareness of public issues as a prelude to democratic changes. PDAS Cheney underscored a point the Secretary made in her Cairo speech that change should not be, and cannot be, imposed on societies from outside. Change will come at a pace "that makes sense for the individual countries," Cheney said.

ASSISTANCE FOR THE PALESTINIANS -----

111. (C) HbZ and Cheney also discussed the UAE's bilateral assistance to the Palestinian Authority. HbZ, who presides over the UAE Red Crescent Society and its program of humanitarian support for the Palestinian people, noted the UAE's donations of general care and specialized care hospitals, medicine, and salaries for health care workers. He said that the UAE prefers to work directly with the Palestinian Authority and the Israeli government, rather than

through other NGOs. Cheney asked HbZ if the UAE had experienced difficulties convincing Palestinians to move into the houses that the UAE had built. HbZ said the UAE had encountered problems with Palestinians not wanting to move far away from their communities in Rafah, but that the problem had been solved elsewhere.

¶12. (C) Cheney offered to brief Quartet Special Envoy for Gaza Disengagement Wolfensohn about the UAE's positive experience in providing assistance to the Palestinians in Gaza and recommend that he meet with the UAE's leadership to consult further. HbZ liked the idea and said Wolfensohn should meet with MFA, Red Crescent, and Abu Dhabi Development Fund officials.

FREE TRADE AGREEMENT

¶13. (C) At the lunch, Cheney briefed HbZ on Middle East Free Trade Area (MEFTA) progress. She said that it was important for the U.S. to open up markets, which would have a positive impact on economic development. The U.S. wants to encourage intraregional trade and bilateral trade. Cheney noted that the U.S. bilateral trade agreements were more advantageous to trading partners than European trade agreements because the Europeans did not give full access to their markets when the agreements were concluded. HbZ acknowledged that the Gulf Cooperation Council has been waiting 17 years for a trade agreement with the EU without result because the Saudis have not been helpful. HbZ asked if Cheney thought the GCC should, as the Saudis have been advocating, move only as a bloc. Cheney said no. She explained that the USG would continue to negotiate individual FTAs and encourage neighboring countries to "dock" on to each other's agreements in order to facilitate intraregional trade.

¶14. (U) This message was cleared by PDAS Cheney.
SISON